

22 March 1957

MEMORANDUM FOR THE RECORD

FROM: Chief, Budget Division

SUBJECT: Retirement Legislation

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1. The attached material was discussed with [] on Wednesday, 20 March 1957. [] was informed that the Budget Division was not in a position to calculate the cost to the Retirement Fund for the additional retirement benefits being included in the proposed legislation. We stated that this was basically an actuarial problem and should be treated on an actuarial basis. It was further stated that, insofar as we were aware, the best source of obtaining help of this kind was either the Civil Service Commission or the Social Security Administration. [] indicated that they had a contract with an actuarial firm and he thought that they might be able to utilize that actuarial firm to develop the required estimates.

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2. I stated that we would be unable to respond to question 1.b., pending the estimated cost of the benefits to the Retirement Fund.

3. It should be noted that in some instances the contribution of the Fund may be established quite independently from the actual estimated cost of the benefits to the Fund. It might be that the language developed in this legislation would require the Agency to contribute an amount equivalent to what the employees and the Agency would normally contribute for the extra service granted, that is, the Agency might be required to contribute 13% of the equivalent annual salary represented by the extra service credit granted. The legislation, however, has not yet been drafted in this case, but a statement of principles has been agreed upon covering proposed benefits accruing to individuals concerned. For this reason it may be that we will be requested later to prepare estimates along these lines, although [] did not have any particular ideas on this point.

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C. N. MASON

BD/COMP/CNM/har

1 - Comptroller

2 - Budget Division

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19 March 1957

MEMORANDUM FOR: Chief, Budget Division, Office of the Comptroller

SUBJECT: Retirement Legislation


1. The proposed retirement plan as tentatively agreed to by the Bureau of the Budget is attached. The Bureau of the Budget has requested, as usual, an estimate of the cost. There are two estimates to make, as I see it.

a. What is the estimated additional cost to the Retirement Fund?

b. If CIA is asked to assume all or part of the cost what would be the effect on CIA's budget?

2. There is also attached a proposed statement for inclusion in the transmittal letter to the Bureau of the Budget on the number of persons who might become eligible within the next 10 years.


3. Please note that the Career Council will finally review this material on Thursday, 21 March, at 3:30 p.m. I think it will be necessary for us to sit down over the figures and discuss them prior to the meeting of the Council. Please call me at your convenience.


Executive Secretary
CIA Career Council

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ATT: Memo to Council, 1 Mar.
Proposed paragraph for
Bureau of the Budget

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19 March 1957

PROPOSED PARAGRAPH FOR THE BUREAU OF THE BUDGET

"If the proposed legislation is enacted, no persons would be eligible for accelerated retirement before 18 September 1957, since no persons would have had 10 years service with CIA until then. During calendar year 1958, it is estimated that six persons would receive the extra credit for overseas service and be eligible for retirement provided permission were granted by the Director. In each successive year for the next 10 years, it is estimated that an equal number might become eligible, but it must be noted that eligibility is in part dependent on the amount of overseas service in each individual case and this is not accurately predictable. It is felt, however, that after the system has been in effect for 10 years, and for the foreseeable future thereafter, there would never be more than 100 persons at any one time who had achieved the requisite eligibility."

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10 Mar 57

MEMORANDUM FOR:

SUBJECT: Proposed Legislation for Retirement Benefits

1. The meeting of the Council scheduled to meet on 1 March 1957 to discuss new proposals for legislation concerning retirement was cancelled.

2. Messrs. [redacted] met with representatives of the Bureau of the Budget on 19 February. Some technical problems of drafting the actual bill were discussed. No substantive problems of major importance developed with respect to any of CIA's legislative proposals except that having to do with retirement. On the retirement proposals, however, strong and possibly insurmountable opposition was expressed to any formula which would:

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- a. give CIA a situation substantially more generous than that of the Foreign Service, and
- b. permit earlier retirement with as little as one year overseas out of each 4 years total service, i.e., 5 years minimum overseas service with 20 years minimum total Government service. In this connection, the Bureau of the Budget representative pointed out that the planned and expected ratio in the Foreign Service was 6 years overseas out of each 10 years total.

The Deputy Director (Support), after being briefed on the Bureau of the Budget meeting, concluded that our representatives should go back to the Bureau of the Budget with certain revisions in our previous proposals in order to attempt to negotiate a settlement on the working level. No commitments would be made, however, without approval by the Council.

3. Attached is the new proposed plan with a chart showing annuities under this plan as compared with the Foreign Service retirement system. The major changes from the formula agreed to by the Council on 7 February are the following required conditions:

1. that at least 10 years of the 20 years of total Government service must be with CIA,
2. overseas service must be equivalent to not less than 40% of total service with CIA prior to age 50.


10 MAR 1957

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SUBJECT: Proposed Legislation for Retirement Benefits

4. This proposal will be discussed with the Bureau of the Budget on Friday, 1 March 1957.

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GORDON M. STEWART
Chairman,
CIA Career Council

Distribution:

1cc to each member CIA Career Council

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28 February 1957

PROPOSED RETIREMENT LEGISLATION

of

The Central Intelligence Agency

1. The basic objective in proposing legislation concerning retirement for CIA personnel is to improve the Service by providing retirement at an age earlier than that provided by the Civil Service system together with an "augmented" annuity to those persons who have served extensively overseas with CIA.
2. The proposed plan for personnel with extensive overseas service with CIA is as follows:
 - a. Upon reaching the age of 50 an individual may request the Director of Central Intelligence to approve his retirement if all of the following conditions are met:
 - (1) He has 20 years total creditable Government service;
 - (2) He has been employed by CIA for at least 10 years;
 - (3) His total CIA overseas service (including TDY and PCS) is equivalent to not less than 40% of his total service with CIA prior to his having reached age 50 with a minimum of 5 years overseas.
 - b. The Director of Central Intelligence will decide whether it is in the interest of the Government to permit the individual to retire.
 - c. If the Director approves the request of the individual, he may retire
 - (1) with full annuity without the reduction for early retirement as provided by Section 9(d) of the Civil Service Retirement Act, and
 - (2) his years of creditable service will be augmented at the rate of one year for each four years served overseas with CIA.
3. All CIA personnel who do not meet all the conditions stated above will retire under the provisions of the Civil Service Retirement Act.

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ESTIMATED ANNUITIES UNDER FOREIGN SERVICE AND PROPOSED CIA PLAN

SAMPLE SITUATIONS				Average 5 Yr.-High Salary	Foreign Service Annuity	CIA Proposed Annuity
I	Ret.	Age	50 yrs.			
	EOB	Age	40 yrs.	\$ 4,500	\$ 1,800	\$ 1,756
	CIA	Service	10 yrs.	6,300	2,520	2,441
	O/S	Service	5 yrs.	10,000	4,000	3,875
	Total Service	20 yrs.		14,000	5,600	5,425
	Comp. Service	21½ yrs.				
II	Ret.	Age	50 yrs.			
	EOB	Age	35 yrs.	4,500	1,800	1,779
	CIA	Service	15 yrs.	6,300	2,520	2,473
	O/S	Service	6 yrs.	10,000	4,000	3,925
	Total Service	20 yrs.		14,000	5,600	5,495
	Comp. Service	21½ yrs.				
III	Ret.	Age	50 yrs.			
	EOB	Age	25 yrs.	4,500	2,250	2,319
	CIA	Service	25 yrs.	6,300	3,150	3,229
	O/S	Service	10 yrs.	10,000	5,000	5,125
	Total Service	25 yrs.		14,000	7,000	7,175
	Comp. Service	27½ yrs.				
IV	Ret.	Age	50 yrs.			
	EOB	Age	35 yrs.	4,500	2,430	2,409
	CIA	Service	15 yrs.	6,300	3,402	3,355
	O/S	Service	6 yrs.	10,000	5,400	5,325
	Total Service	27 yrs.		14,000	7,560	7,455
	Comp. Service	28½ yrs.				
V	Ret.	Age	50 yrs.			
	EOB	Age	20 yrs.	4,500	2,700	2,814
	CIA	Service	30 yrs.	6,300	3,780	3,922
	O/S	Service	12 yrs.	10,000	6,000	6,225
	Total Service	30 yrs.		14,000	8,400	8,715
	Comp. Service	33 yrs.				
VI	Ret.	Age	55 yrs.			
	EOB	Age	40 yrs.	4,500	2,250	2,229
	CIA	Service	15 yrs.	6,300	3,150	3,103
	O/S	Service	6 yrs.	10,000	5,000	4,925
	Total Service	25 yrs.		14,000	7,000	6,895
	Comp. Service	26½ yrs.				
VII	Ret.	Age	55 yrs.			
	EOB	Age	35 yrs.	4,500	2,430	2,432
	CIA	Service	20 yrs.	6,300	3,402	3,386
	O/S	Service	8 yrs.	10,000	5,400	5,373
	Total Service	27 yrs.		14,000	7,560	7,525
	Comp. Service	29 yrs.				
VIII	Ret.	Age	60 yrs.			
	EOB	Age	40 yrs.	4,500	1,800	1,779
	CIA	Service	20 yrs.	6,300	2,520	2,473
	O/S	Service	6 yrs.	10,000	4,000	3,925
	Total Service	20 yrs.		14,000	5,600	5,495
	Comp. Service	21½ yrs.				
IX	Ret.	Age	60 yrs.			
	EOB	Age	40 yrs.	4,500	2,700	2,724
	CIA	Service	20 yrs.	6,300	3,780	3,796
	O/S	Service	8 yrs.	10,000	6,000	6,025
	Total Service	30 yrs.		14,000	8,400	8,435
	Comp. Service	32 yrs.				
X	Ret.	Age	60 yrs.			
	EOB	Age	35 yrs.	4,500	3,150	3,219
	CIA	Service	25 yrs.	6,300	4,410	4,489
	O/S	Service	10 yrs.	10,000	7,000	7,125
	Total Service	35 yrs.		14,000	9,800	9,975
	Comp. Service	37½ yrs.				